

Testimony by Andrew Chau, Founder, Boba Guys
"The Impact of Coronavirus on America's Small Businesses"
Committee on Small Business
U.S. House of Representatives

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Good morning Chairwoman Rep. Velázquez, Ranking Member Chabot, Congresswoman Chu, Congressman Kim, and distinguished members of the Committee on Small Business. Thank you for the honor of providing a testimony before the House Committee on Small Business, although I wish it were under different circumstances.

I am here today on behalf of the small business community and the over 20 million Asian American Pacific Islanders who call this country home. I am a son of immigrants— my dad, a refugee from Guangdong, China and my mother, the daughter of a Taiwanese Air Force pilot. I grew up three hours north of here in Woodbridge, New Jersey, where we ran the only Chinese restaurant in town. My family eventually moved to San Francisco, where we started another restaurant in Fisherman's Wharf. I am what you call a "restaurant brat," growing up around stoves, duck sauce, and sesame oil. I can still peel string beans in my sleep. After over a decade in Corporate America, I myself came back into the food business opening a chain of cafes and restaurants, specializing in boba milk tea and Asian-inspired snacks. We have 20 company-owned locations in San Francisco, New York City, and Los Angeles.

My story as a small business owner is fairly common— two million of the thirty million small businesses are AAPI-owned. Small business is interwoven into our culture. Growing up as perennial outsiders, we sought refuge and built businesses across Chinatowns, Japantowns, and other ethnic enclaves scattered throughout the country. And even if you didn't grow up in these enclaves, I'm sure many people— including those in this room— have stumbled into a Chinatown noodle shop or Korean BBQ joint at 1 am.

You can always count on these establishments to be open late and bustling, often run by first and second generation immigrants, hustling to make ends meet, chasing what was once the goal of every immigrant in this country: the American Dream. This dream and the small business culture embedded into the fabric of our society is at risk today. Our community usually prides itself on resourcefulness, self-reliance, and grit, so it's telling that we are asking for assistance during this crisis.

I'm sure you've all read the news. Chinatowns and other AAPI enclaves across America are experiencing a drastic decline in patronage. A recent NY Times article said that business is down as much as 70% due to the coronavirus COVID-19.

Sadly, most of this is due to misinformation and overblown media coverage depicting the virus as an Asian disease. This virus has no color. It has no ethnicity. It has no borders. COVID-19 is a respiratory virus, but it is fast-mutating into a social virus: xenophobia and marginalization of everyday American citizens. I know this is the Committee on Small Business, but the negative stigma of this virus will impact our community long after COVID-19 itself is gone. We learn every day about attacks on AAPIs simply because of our physical appearance. But that is a topic for another day.

The mission of this committee is to protect and serve the interests of American small businesses. As a board member for National ACE, a national non-profit serving AAPI-owned businesses, we estimate that small businesses usually carry only two to three months of working capital. As we enter the third month since the news broke, many businesses— particularly those affected in these ethnic enclaves— are holding on for dear life. They do not have sufficient cash reserves to weather this storm. There are articles every day about small businesses trying to make ends meet due to the sudden decline in patrons. The economic hardship on each business owner then trickles down to the labor force as many places are letting go of their employees to cut costs. The destabilization of labor and discretionary income will have ripple effects throughout our economy, well extending outside our community.

In addition to influencing consumer sentiment, COVID-19 has also affected the global supply chain. My business uses ingredients from all over the world: tapioca starch from Thailand, tea from Japan, bamboo straws from Taiwan, and packaging from China. Anything that is imported from overseas is delayed a month or indefinitely in cases where factories are shut down entirely. As a community leader in small business forums, I've heard from people throughout the country that their business is facing similar issues. Banquets are canceled. Ingredients are delayed. Sole proprietorships like photographers, musicians, and anything tied to the hospitality and entertainment industry are all affected, too. We say small business is the backbone of the American economy. What happens when the backbone is fractured?

I say this on public record as a testimony not just for COVID-19, but for all further communicable disease situations that stall economic productivity. Today, the small business community, especially those near AAPI enclaves, need help. One day, it'll be another community.

What makes our country so unique is that we got this far despite our differences-- because we learned how to bridge our various cultures and take care of each other. As a millennial, I hear we don't really talk about The American Dream anymore. As I

understand it (and I had to Google this), the American Dream is to live a “richer and fuller life, enabling opportunity according to ability and achievement.” I believe your recent disaster loan relief bill breathes new life to that dream. The American Dream is alive and well— we just have to remember that enabling opportunity is not always about opening doors, but also removing barriers.

We need more help like the loan assistance program so that our small business community can thrive again. The loans give us enough runway to adjust to the changes in the marketplace, even if it is caused initially by misinformation and unwarranted stigma.

We as a community are confident that your committee will pass other pieces of legislation to show the world that small businesses embody values that built this country: grit, resilience, and helping our neighbors. Thank you for your time.